

WILLIAM K. HARRINGTON  
UNITED STATES TRUSTEE, REGION 2  
U.S. Department of Justice  
Office of the United States Trustee  
201 Varick Street, Suite 1006  
New York, New York 10014  
Telephone: (212) 510-0500

**Hearing Date: December 5, 2022**  
**Objections Due: December 2, 2022**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----	X	
	:	
In re	:	Chapter 11
	:	
CELSIUS NETWORK LLC, <i>et al.</i> , <sup>1</sup>	:	Case No. 22-10964 (MG)
	:	
	:	Jointly Administered
Debtors.	:	
-----	X	

**OBJECTION OF THE UNITED STATES TRUSTEE TO THE  
AMENDED MOTION OF DEBTORS FOR ENTRY OF ORDER APPROVING  
DEBTORS' KEY EMPLOYEE RETENTION PLAN**

**TO: THE HONORABLE MARTIN GLENN,  
CHIEF UNITED STATES BANKRUPTCY JUDGE:**

William K. Harrington, the United States Trustee for Region 2 (the “United States Trustee”), hereby submits this objection (the “Objection”) to the (1) Motion (the “Amended Bonus Motion”) of Celsius Network LLC, *et al.* (the “Debtors”) for Entry of an Order Approving Debtors’ Key Employee Retention Plan (the “KERP”) [ECF Doc. No. 1426] and (2) Motion to File Under Seal the Amended Bonus Motion (the “Amended KERP Sealing Motion”) [ECF Doc. No. 1425]. In support thereof, the United States Trustee respectfully states:

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

### **OBJECTION**

On November 2, 2022, this Court entered the Order Denying Debtors' KERP Sealing Motion and Denying Without Prejudice Debtors' KERP Motion (the "Denial Order") [ECF Doc. No. 1268].<sup>2</sup> As a result of the Denial Order, the Debtors filed the Amended Bonus Motion and the Amended KERP Sealing Motion, along with the Supplemental Declarations of Josephine Gartrell [ECF Doc. No. 1428] and Christopher Ferraro [ECF Doc. No. 1425]. Furthermore, the Debtors provided to the United States Trustee certain additional information in unredacted form. Nevertheless, the Amended Bonus Motion and the Amended KERP Sealing Motion remain deficient for the following reasons:

First, the Amended Bonus Motion fails to provide an evidentiary basis that the KERP is reasonable in light of the job responsibilities of the proposed KERP Participants. Specifically, the job responsibilities listed are so general that they cannot be identified as to which proposed KERP Participant is performing said responsibilities. Indeed, the descriptions are so general that an interested party could not even determine as to which department or division of the various Debtors is performing such responsibilities.

Second, the Amended Bonus Motion fails to make a showing that the proposed KERP Participants are not insiders. For example, some of the high earning KERP Participants earn the same or larger salary than known insiders. Furthermore, because the Debtors propose to redact salary information, there is no way for interested parties to know this and make a determination as to the reasonableness of the proposed KERP.

---

<sup>2</sup> On October 27, 2022, the United States Trustee filed its objection to the Bonus Motion (the "First Objection") [ECF Doc. No. 1207]. The United States Trustee incorporates by reference that First Objection. Capitalized terms used herein without definitions shall have the meanings assigned in the First Objection.

Third, the Debtors propose a \$200,000 “reserve” fund to add additional KERP recipients without further order of this Court. The Debtors further seek the authority to reallocate any KERP awards if a current KERP Participant leaves the company without further order of this Court. Any request for funds and/or unfettered discretion to reallocate funds to new participants should be denied.

Fourth, the crypto and tech job market has changed since the initial Bonus Motion was filed, and even since the Amended Bonus Motion was filed, and it appears that the risk of KERP Participants resigning is low. The Debtors have provided no explanation as to the impact of layoffs at other large crypto companies, *i.e.*, FTX, Genesis, Coinbase, and Blockfi, and other notable companies, *i.e.*, Amazon, Meta, and Twitter, on the need to provide increased salaries and bonuses to the Debtors’ current employees. Arguably there is a saturation in the job market. Accordingly, this should be identified and the Debtors’ concern over employee motivation to leave the Debtors needs to be explained.

**WHEREFORE**, the United States Trustee respectfully requests that the Court sustain the foregoing Objection and grant such other and further relief as the Court may deem just and proper.

Dated: New York, New York  
December 2, 2022

Respectfully submitted,

WILLIAM K. HARRINGTON  
UNITED STATES TRUSTEE, Region 2

By: /s/ Shara Cornell  
Shara Cornell, Esq.  
Trial Attorney  
201 Varick Street, Room 1006  
New York, New York 10014  
Tel. (212) 510-0500